



**DEPARTMENT OF ADMINISTRATION**  
**Administrative Services**

**Our Vision:**

*The Department of Administration will lead the enterprise toward a shared service organization by modeling innovation, teamwork, efficient business practices, and quality customer services.*

**Our Mission:**

*We provide quality services---responsibly.*

**Our Identity:**

*The Department of Administration helps Kansas Government run smoothly.*

**Our Promise:**

*We promise to satisfy our customers with innovative, value-driven services.*

**Our Values:**

*Communication  
Commitment  
Credibility  
Character*

# **Report to ASTRA Participants**

**January 13, 2010**

Available on-line at

<http://www.da.ks.gov/ar/forum/astra/default.htm>

# Department of Administration

*Duane Goossen, Secretary*

Primary Website: <http://www.da.ks.gov/default.htm>

## Division of Budget

*Duane Goossen, Director*

Primary Website: <http://budget.ks.gov/>

## Division of Information Systems & Communications (DISC)

*Joe Hennes, Director*

Primary Website: <http://www.da.ks.gov/disc/>

## Division of Personnel Services

*George Vega, Director*

Primary Website: <http://www.da.ks.gov/ps/>

State Employee Compensation Oversight Commission

<http://www.kansas.gov/employee/comp/>

## Division of Printing and Surplus Property

*Cheryl Buxton, Director*

Printing Primary Website: <http://www.da.ks.gov/print/>

Surplus Property Website: <http://www.da.ks.gov/surplus/>

## Division of Facilities Management

*Marilyn Jacobson, Director*

Facilities Operations Website: <http://www.da.ks.gov/fm/>

Facilities Planning Website: <http://www.da.ks.gov/fp/>

# Division of Accounts and Reports

Kent Olson, Director

Primary Web site: <http://da.ks.gov/ar/>

## Central Accounting Services

### Kent Olson

Kent is attending the Oracle OpenWorld 2010 conference in San Francisco this week. Kansas' SMART Project has been selected as a Case Study by Accenture, and Kent has been asked to speak on efficiency and transparency at the conference. Subsequently, Kent was also asked to speak about shared services, so he's having a busy week there.

### Fiscal Year End Closing

The FY 2010 Year End Closing was the last FY closing for STARS and represented the first time in 19 years that it did not re-open. One of the basic underlying assumptions in Accounting is the "Going Concern". This means accounting for an entity as if it has an on-going or continuing life. Accounting systems are programmed this way too. They expect to continue after a given FY is over. It was no insignificant effort to prepare for and monitor the STARS closing to ensure each step in the process succeeded without creating problems in bypassing or altering steps that are normally essential to begin the next Fiscal Year. I'd like to thank you all, and certain key staff in the DofA for making STARS last closing a successful one that was relatively smooth. Mike Lovich & Randy Kennedy (A&R) and several DISC staff including Regina Manuel, Linda Schramek, Gretchen Hafner, and Patti Copeland were all instrumental in making sure STARS was laid to rest quietly.

### Comprehensive Annual Financial Report

We're in the initial stages of the 2010 CAFR preparation. Accounts and Reports appreciates your past assistance and support in our efforts to produce the report. This also marks the last year we'll prepare the CAFR using STARS. Next year it will occur, of course, under SMART. Our Financial Integrity Team (Gail Barnhart and her team) prepares the CAFR, and to help develop the CAFR under SMART we're adding Marie Winter-Zima and welcome her to our FIT team. Marie spent the last two years on the SMART project and worked extensively to prepare for making the CAFR transition from STARS to SMART. We continue to ask for your help again this year. All CAFR confirmations, information requests, etc. have been distributed to agencies. As a reminder, the SEFA (Schedule of Expenditures of Federal Awards) is due by September 24, and the information for this confirmation is on our website if you need a copy of it. It's a great help to the Financial Integrity Team to receive your responses and confirmations by the due dates indicated in the requests.

### Federal Funding Accountability and Transparency Act (FFATA)

The Federal Funding Accountability and Transparency Act was signed in Sept, 2006. The intent is to empower every American with the ability to hold the government accountable for each spending decision in the hopes of reducing wasteful spending in the government. This act requires information on federal awards (federal assistance and expenditures) be made available to the public via a single, searchable website, through USASpending.gov. Some of the reporting requirements are effective this fiscal year. However, nationwide, there's still uncertainty in what the reporting requirements actually mean for state agencies. A&R continues to monitor this and will distribute definitive information as it's received.

### State Asset Reports

We'd like to thank you all for the efforts in getting your state asset records into SMART. As you may know the Legislature requested the information this past summer and with your help it was submitted to them.

### IRS Notice 2010-51 Issued July 1, 2010

This summer the IRS issued this notice inviting public comment regarding guidance to be provided concerning new requirements with respect to the reporting of payments made in the course of the payor's trade or business. This relates to IRS Code Section 6041. More recent amendments to Section 6041 would greatly expand 1099 information reporting requirements to include corporations as well as certain gross proceed payments, and amounts in consideration for property. The new law would be effective for payments made after December 31, 2011. States are estimating this could increase 1099 reporting by a factor of 8-11 times the number currently issued. At the end of this month NASC will send a letter to the IRS stating the burdensome and duplicative nature that some aspects of the new law create. Accounts and Reports will continue to monitor issue.

### **3% Withholding Requirement**

The Tax Increase Prevention and Reconciliation Act of 2005 (P.L. 109-222) IRC Section 3402(t) mandates that federal, state and local governments withhold 3% of nearly all of their contract payments, Medicare payments, farm payments and certain grants. Compliance with this law will impose significant, unnecessary financial burdens on both the public and private sectors. For example, the Federal Government's own Dept. of Defense estimates the cost of compliance will be over \$17 billion for the first five years of compliance...much more than any anticipated revenue gains through compliance. This law, unless repealed will go into effect in January 1, 2012. There are many organizations urging the President and Congress to repeal this law in the upcoming year. Efforts in the last two years have unsuccessful.

In May, the Government Withholding Relief Coalition (a group of over 100 national government and business organizations) sent a letter to President Obama urging repeal. The National Association of State Controllers (NASC) is forming a work group with states this fall to address issues related to the 3% withholding requirement along with changes to 1099 reporting. Oregon's Controller's Division will be one of two co-chairs of the work group and A&R will continue to monitor federal activity relating the 3% withholding requirements.

### **P-Card**

Last month the Dept. of Treasury issued final regulations relating to reporting requirements, information reporting penalties, and backup withholding requirements for payment card and third party network transactions. The final regulations provide guidance to assist persons required to report payment card and third party network transactions and to the payees of those transactions. IRC Section 6050W defines the payment settlement entity as a merchant acquiring entity and in our case, this means the bank.

### **Taxpayer Transparency Program – KanView Update**

FY 2010 actual expenditure and revenue data has been loaded into KanView. There are now five years of data on the KanView site. An update of the Employee Compensation data in KanView is in progress and should be deployed any day.

### **Audits**

A&R plans to resume agency audits this fiscal year and is currently reviewing the audit plan to consider changes in relation to SMART. As an FMS system, SMART has a different set of internal and accounting controls. Our future audits will take this into consideration and will likely include new areas to focus.

### **Steady-State**

Over the past 24 months A&R has necessarily been very fluid in its organizational structure in order to accommodate the needs for making the development and deployment of SMART successful. Steady-State is the term we've used over this time period to describe the organizational structure of A&R after SMART post go-live activities started settling. We now are in the transition into our Steady-State organizational structure. Most of the A&R staff that went to the project are returning to A&R as well as some staff that came from the Project through other agencies and the private sector. Over the past week we've been very busy moving staff back to the 3<sup>rd</sup> floor of the Landon State Office Building and this will be completed before the end of the month.

Included in our Steady-State was the formation of the Service Center. This is now located on the 1<sup>st</sup> floor of the Landon building and the SMART Shared Services section joins other DofA services in room 102N...accessed directly from the North elevator lobby in Landon. We now have 35 agencies participating at varying levels in the Service Center.

### **Informational Circulars Updates:**

FY 2011 Informational Circulars that have been issued include:

- 11-a-001 – 2011 Private Vehicle Mileage
- 11-a-002 – FY 2011 Subsistence Rates
- 11-a-003 – DA-184 Authorization for Direct Deposit of Employee Pay and/or Employee Travel.

## **PAYROLL**

### **DA-184 Authorization for Direct Deposit of Employee Pay and/or Employee Travel**

- Consolidated form allows employee to complete payroll and travel and expense direct deposit authorization on one form
- Agencies should review business process to properly route DA-184 form to appropriate HR (SHaRP Payroll) and Finance (SMART Travel and Expense) staff for entry
- Form was issued on Info Circs 11-a-003 and 11-p-003

### **Implementation of 100% Electronic Payment Policy for SOK Payroll and Travel and Expense**

- Announced by Sec. Goossen on May 21, 2010 effective with payments on or after October 1, 2010
- Implementation information for employees and employers was provided via info circ 10-p-026, 11-p-005, HR Infolist messages, A&R website, Employee Memos, and Employee Informational meetings
- Default payment method for employee who does not provide financial institution information for payroll is the paycard. Additional information on the paycard is available at [www.da.ks.gov/ar/payroll](http://www.da.ks.gov/ar/payroll)
- Agencies should review business process flow for new hires to ensure employee completes a DA-184 or enrolls for a paycard in time to receive their first payroll payment electronically.
- Policy applies to all active employees: Classified/Unclassified, Full-time/Part-Time, Regular/Temp
- A&R staff are tracking progress toward compliance and will continue to follow up and assist agencies with achieving full compliance with the policy

### **SHaRP Bi-Weekly Payroll Schedule for 2011**

- Issued on Info Circ 11-p-008

### **Establishing New Organization Dues Salary Tiers/Deduction Amounts for KAPE**

- KAPE advised A&R of changes to the salary tiers and bi-weekly dues for KAPE
- DPS is making necessary updates to deduction records of impacted employees. Regent agencies are responsible for making the necessary updates to their employees and systems.
- Details available on Info Circ 11-p-007

### **SHaRP Upgrade to 9.1**

- Upgrade of SHaRP HCM system to version 9.1 is scheduled for kick-off in January, 2011 with a 24 month project plan
- Current plan is to transition all State agencies to PeopleSoft Time and Labor as part of the upgrade

### **2011 Tax Items**

- Effective for 2011, the Advanced Earned Income Credit has been eliminated. Individuals will still be eligible to receive the Earned Income Credit on their tax return, but the Advanced Earned Income Credit is eliminated.



## Division of Purchases

**Chris Howe, Director**

[chris.howe@da.ks.gov](mailto:chris.howe@da.ks.gov)

Primary Website:

<http://da.ks.gov/purch/>

Bid Solicitation List:

<http://da.ks.gov/purch/rfq/>

Procurement Contracts:

<http://da.ks.gov/purch/contracts/Contract.asp>

### Delegated Purchasing Authority

- With the implementation of SMART, most agencies have moved to \$5,000
- Correctional Industries and KCI are **mandatory use** suppliers
  - Exemptions can only be granted by the Division of Purchases
    - Regardless of dollar amount
- Statewide Mandatory Use contracts are just that, **mandatory use**
- Agency specific contracts are **mandatory use**
- Repetitive Purchases over a 12-month period that exceed \$5,000 should be bid
- Prior Authorizations – forms must be filled out in their entirety
  - OKP – Only known provider – rarely used
  - Must provide details about research that lead to the assumption that the vendor is the OKP
- Many of these guidelines are set in statute (\$5000, especially)

### 2010 State Use Catalog

- 2010 Catalog is available in .pdf format and ***on-line only*** ( [www.ksstateuse.org](http://www.ksstateuse.org) )
  - Also available through the Division of Purchases website

### DAPU PurchNotices

Most communications from the Division of Purchases are facilitated through this List-Serv.

To sign up, send your request to [Janet.Miller@da.ks.gov](mailto:Janet.Miller@da.ks.gov)

### Personnel Changes

- Retirements: **Lee Harmon**
- **Angela Hoobler** now serving as Deputy Director
- Procurement Officers **Jerry Clements** started with DOP in September 2010

### Reminders:

- Use ethanol-based fuels in State or Enterprise vehicles
- Use re-manufactured cartridges – save money – help persons with disabilities